

NEW SOUTH WALES.

BUSINESS STATISTICS - 18th February, 1941.

Further steps in progress to a full war economy include more complete control of foreign exchange, greater restriction of motor imports, reduction of the petrol ration, and creation of a Commonwealth Coal Board and an Australian Coastal Shipping Control Board.

Bountiful rains have restored the seasonal outlook. Commercial activity is very great. Interest rates are low. The Stock Exchange reacted only mildly to grave war warnings. Despite shipping difficulties exports remain high in value. Imports have moderated somewhat. Real estate business continues at a reduced level and though building is still active, building prospects are uncertain.

C O N T E N T S.

PART

I

Season: Rainfall Index, January, 1941. Favourable outlook.

Export Prices and
External Conditions:

Export prices steady. Mooted long-term egg contract. The American "Lend or Lease" bill. Unemployment, cost of living, prices and oversea trade in U.K. Industry active in U.S.A. Australian-New Zealand economic co-operation.

Currency
Relationships:

Sterling firm in New York. Repatriation of Indian investments. Realisation of Australian dollar securities Intensified exchange control in Australia.

Wool:

Progress of appraisements. Retarded wool exports. Good U.S. commercial demand. Wool manufacturing and treatment in Aust. and export trade. South American sales. British national Wool Textile Export Corporation.

Wheat:

Prices ease in North America. Local market quiet.

Butter:

Production in N.S.W. factories - Dec. and July-Dec., 1940. Pay for cream - Jan., 1941. Control of trade. New storage space.

Metals:

Tin dearer in London - Possible extension of Tin Control Scheme. Export parity prices of Australian metals - December, 1940.

II

Bank clearings - Sydney: January, 1941.

Stock Exchange - Sydney: January, 1941.

Real Estate - N.S.W. Sales and Mortgages - January, 1941.

Oversea Trade - Australia: January and July-Jan., 1940-41.

Interest Rates: Mortgages: Nov.-Jan., 1940-41.
Bonds: January - February, 1941.

III

Buildings Commenced, Value and
Metrop. Water Bd. Area: No. of Houses. Jan., and July-Jan., 1940-41.

Building Permits - Value and No. of
Rural & Industrial Towns: Dwellings. - Dec.Qr. and Year, 1940.

New South Wales: Value - Dec.Qr. and Year, 1940.

Building Societies - N.S.W: Operations in Dec.Qr., 1940.

PART I. PRIMARY AND EXPORT INDUSTRIES.

SEASON. An indication of the extent to which prospects for rural production were transformed by copious general rains in December, 1940 and January, 1941 is given by the index numbers of rainfall:-

WEIGHTED AVERAGE RATIO OF ACTUAL TO NORMAL RAINFALL, N.S.W.

		<u>1940</u>				<u>1941</u>
		<u>Sept.</u>	<u>Oct.</u>	<u>Nov.</u>	<u>Dec.</u>	<u>Jan.</u>
Sheep Districts	(%)	109	18	52	123	319
Wheat	"	116	11	52	129	336
Dairying	" (Coastal) (%)	50	85	82	167	144

Useful rains fell over the greater part of the State early in February and last week there were falls averaging one and a half to two inches on the North Coast, Northern Tablelands and the North-western Slopes and Plains.

EXPORT PRICES AND
EXTERNAL TRADE
CONDITIONS:

The index number (Commonwealth Bank) of Australian export prices continues at about 82 per cent. of the 1927 average; a level approximately equal to the average in the prosperous years 1935-36 to 1937-38 and about 25 per cent. above the average for the year ended June, 1939. Insufficiency of shipping space is hampering exports and although December and January shipping losses were relatively light, there is little prospect of an increase in cargo space for Australian exports. Plans for increasing cold storage capacity in Australia are in hand. Negotiation of a contract for disposal to Britain of the exportable surplus of eggs over the next three or four years is proceeding. Further steps have been taken and more are in prospect to curtail imports and thus conserve Australian funds for war purposes.

Organisation for home preparedness has been strengthened by appointment of a Commonwealth Coal Board and an Australian Coastal Shipping Control Board which will - inter alia - see that resources are employed to ensure the building up of adequate reserves of coal, industrial materials and foodstuffs in strategic distribution centres throughout Australia.

Probable passage of President Roosevelt's Lend or Lease (aid to Britain) bill in the United States is of transcending economic and political importance. The outlook in the Far East and the Balkans is still uncertain. The British Minister has been withdrawn from Rumania, and Bulgaria also seems completely under German domination. British trade prospects in the Balkans have deteriorated accordingly.

In the United Kingdom there were 695,600 persons unemployed in January, 1941. Other than the temporarily unemployed, about 200,000 men and 200,000 women are available for employment. Details of the Government's plan of industrial mobilisation have not yet been released. During 1940 about 7.9 million British workers received increases in wages equivalent to £2.15 m. weekly in full time earnings. The British cost of living index rose by $12\frac{1}{2}$ per cent. in 1940 and is still rising slowly. Wholesale prices (Economist index) were $102\frac{1}{2}$ per cent. of the 1927 average on Feb. 12, 1941 compared with 100.1 at the beginning of December, 1940.

In 1940 British imports (£stg. 1,100 m.) were the highest for more than ten years but exports (£stg. 413 m.) were the lowest since 1934. Exports in December (£stg. 24.4 m.) increased in comparison with November, 1940 (£stg. 21.7 m.).

In the United States industry is very active and business is buoyant. The New York stock market reacted to war rumours and developments, and the Congressional debate on the Lend or Lease bill. In London share prices also declined.

The Australian Assistant Minister for Commerce is visiting New Zealand to discuss commercial and agricultural problems and co-ordination of food supplies to Great Britain.

INTERNATIONAL
CURRENCY
RELATIONSHIPS:

Sterling - dollar quotations in the free market in New York continue approximately the same as the official rate in London (\$4.03 to £stg.). The British Treasury has issued a vesting order requiring United Kingdom holders of Indian dated sterling stocks to transfer them for cash to the Government, which, in turn will transfer them to India, thereby utilising India's sterling balances, believed to amount to about £stg. 140 million. There has already been considerable repatriation of Canadian investments but similar action regarding Australia and New Zealand is unlikely as the liquid assets of these in London are not unduly great.

It has been revealed that about \$4 million have been obtained as a result of sale of Australian-owned dollar securities under the order of April, 1940 and the voluntary sale to the Government of balances in U.S. banks or other institutions. Another \$1 m. is expected to accrue from dollar securities now being realised. Securities and balances still held by Australians in the United States are estimated to amount to about \$5 million, and this will ultimately be used to provide part of the dollar credits needed for war purchases in the United States.

On February 10, 1941 the Belgian Congo and Ruanda Urundi were declared to be in the sterling area by an Order under the National Security (Exchange Control) Regulations. Another order of the same date makes all transactions with non-sterling countries subject to official control, removing the exemption on transfers on account of persons or companies resident outside Australia, except in the case of transfers within the sterling area. This measure will close a possible opening for assets accruing abroad being converted to uses not serving the war effort. The decision of the Commonwealth Government to arrange for war risk insurance on all vessels on the Australian register in Australian waters will lessen the drain on Australian funds in London hitherto arising from payment of premiums in this field of insurance.

WOOL. The main appraisement season in Sydney will end on February 25, 1941. A statement issued by the Central Wool Committee on Feb. 13, 1941 indicated that in Australia 2,458,314 bales of wool had been appraised of an appraised value of £39,328,967. The average appraised price was 12.25d. a lb. (greasy) compared with 12.49d. in the corresponding period of 1939-40. Average appraised prices for the 1940-41 season to date for the respective States were:-

	<u>N.S.W.</u>	<u>Vic.</u>	<u>Q'land.</u>	<u>S.Aust.</u>	<u>W.Aust.</u>	<u>Tas.</u>	<u>Australia</u>
Pence per lb. (greasy)	11.98	13.18	12.1	11.08	12.09	15.16	12.25

Grovers will receive an equalisation dividend (to bring the average price to the agreed 13.4375d. a lb.) together with "retention money" (5% of proceeds) at the close of the season.

Only relatively small shipments of wool (mainly merino types) have been made to the United Kingdom. To date 133,592 bales of the strategic reserve to be held in the United States had been shipped. In ordinary trade orders for over 364,000 bales of this season's wool had been received from the United States. New storage capacity to take 1,330,000 bales had been provided in Australia and additional stores were in course of erection.

Under the Sheepskins Purchase Arrangement 67,839 bales of sheepskins had been appraised to date involving payment of £1,477,043.

Wool carbonising and scouring of faulty wool in Australia has expanded, and this has made for greater economy in the use of storage space. A trade report indicates that in 1939-40 wool manufactured or partly treated in Australia totalled 740,763 bales, which ranks Australia in the first six wool manufacturing or treating countries of the world. Exports of Australian woollen manufactures have increased, especially of materials for war purposes and regulations have been made empowering the Central Wool Committee to release wool for manufacture for export, on application and with its consent, at a price which may exceed that of wool for manufacture of goods for domestic consumption.

In the South American wool selling season which closed on Sept. 30, 1940, Argentine (305,000) and Uruguayan (105,000) exports totalled 401,000 bales compared

/with.....

with 509,000 bales the previous season (one Argentine bale is equivalent to roughly three Australian bales). United States purchases in Argentine increased from 17 per cent. in 1938-39 to 47 per cent. of the offerings in 1939-40 and purchases in Uruguay from 13 to 35 per cent.

Conditions in the domestic woollen trade in the United Kingdom are unchanged. A National Wool Textile Export Corporation has been formed to promote and protect United Kingdom wool textile exports to both foreign and British countries. Its funds will be provided by a levy on all branches of the home trade. Apparently liaison with the International Wool Secretariat will be necessary. Cotton prices have advanced in Britain in reaction to the Government's decision to take over imports of all growths of cotton.

WHEAT: Quotations in wheat futures markets in Chicago and Winnipeg declined during the first half of February, 1941 and on Feb. 15 May options were at 79½ cents a bushel in Chicago and 76¾ cents in Winnipeg - in Chicago 8 cents a bushel lower than at the beginning of the year. The decline is partly a reaction to war developments but is also related to the promising condition of growing crops in the United States and the very weak world statistical position of wheat.

The local market is very quiet after a period of some activity promoted in part by purchases of wheat for export flour. Prices are unchanged. The Wheat Board's quotation (per bushel, ex trucks, Sydney) for bulk wheat for local flour is 3s.11¼d. a bushel. The price of flour (wholesale) in Sydney is steady at £12.13s. a ton.

Wheat prices in New South Wales compare as under:-

PRICES OF WHEAT IN NEW SOUTH WALES.

	Seasons ended November.				January.		Feb. 15,
	Av.1931-35	1937	1939	1940	1940	1941	1941
	Shillings and pence per bushel.						
Bulk Wheat.							
Ex trucks, Sydney	2 9½	5 3	2 5	-	3 9½(b)	3 11¼(b)	3 11¼(b)
Equivalent, ex farm at country sidings (a)	2 2½	4 8	1 9½	(c)	(c)	(d)	(d)

- (a) Exclusive of bounty. (b) Prices for sale for local consumption.
(c) Farmers have received about 2s. 10d. (net) a bus. for 1939-40 bulk wheat.
(d) Not yet ascertainable. Initial advance gives about 2s. 5d. (net) at country sidings.

BUTTER. The season is now very favourable in all important dairying districts in New South Wales. In December, 1940 there was a sharp increase in the quantity of butter made in factories in this State (from 8.18 m. lb. in Nov. to 11.36 m. lb. in Dec.) and production increased again in January, 1941. Due to droughty conditions in the spring production of butter in the half year ended Dec. (44.08 m. lb.) was lowest for the period for ten years, except in 1936-37, and 28 per cent. below the average in the record quinquennium ended 1935-36.

PRODUCTION OF BUTTER IN FACTORIES IN NEW SOUTH WALES.

	Av. 1931-35	1936	1937	1938	1939	1940
December, mill. lb.	15.74	7.92	15.17	11.42	13.82	11.36
July-Dec. "	61.15	42.86	53.85	51.09	57.72	44.08

For cream supplied to certain North Coast factories in January, 1941 farmers are being paid 12½d. a lb. of butter made - the same as in January, 1940, exclusive in both cases of deferred pay. The slight decrease (¼d. a lb.) compared with the pay in Dec., 1940 is due to the larger proportion available for export (at the fixed price of 137s. 2d. a cwt. f.o.b.). The local wholesale price remains at 158s. 8d. a cwt.

PAY TO SUPPLIERS OF CREAM TO CERTAIN NORTH COAST FACTORIES, N.S.W.

	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Deferred Pay July-Dec. (a).
	Pence per lb. of commercial butter made.						
1933-34(b)	10 $\frac{1}{2}$	11	9	7 $\frac{1}{2}$	7	6 $\frac{1}{2}$	5 $\frac{5}{8}$
1936-37(b)	12 $\frac{1}{4}$	11	10 $\frac{1}{2}$	11	10 $\frac{1}{4}$	10	1 $\frac{7}{8}$
1938-39	14	12 $\frac{3}{4}$	12	11 $\frac{1}{2}$	11 $\frac{1}{4}$	12 $\frac{1}{4}$	5 $\frac{1}{16}$
1939-40	12	12 $\frac{1}{4}$	12	11 $\frac{3}{4}$	12	12 $\frac{1}{2}$	3 $\frac{1}{4}$
1940-41	13	13	12 $\frac{5}{8}$	12 $\frac{3}{4}$	12 $\frac{3}{4}$	12 $\frac{1}{2}$	3 $\frac{3}{4}$

(a) This payment is additional to that shown for each relevant month.

(b) Cartage charges (now paid by factories) met by farmers (about $\frac{3}{8}$ d. a lb.)

In the case of a few factories which failed to conform to requirements of the equalisation scheme, 50 per cent. of the output of these factories in March, 1941 is being acquired by the Commonwealth under the National Security Act, and these and certain other King Island, Tasmanian and Queensland producers are obliged to render returns disclosing stocks, the quantity made and the manner of disposal of butter or cheese. These steps were necessary to safeguard the common interest of producers and ensure smooth working of the contract for supplies to the British Government.

Steps are being taken to provide additional cold storage space. The butter industry will meet the cost of extra refrigerated space at factory towns and shipping ports and Commonwealth and State Governments will pay for the additional stores at distribution centres.

In the United Kingdom the ration of butter is still 2 oz. per person per week and the price of butter is 1s. 7d. a lb. (unchanged.)

METALS. The maximum prices of the British Ministry of Supply for electrolytic copper (£62) lead (£25) and spelter (£25 15s.) - sterling per ton, duty paid, delivered to buyer are unchanged in London.

The demand for tin was stimulated by the prospect of possible extension of the International Tin Committee's control of output to some countries now outside the scheme. There is also a trade opinion that America will also augment the planned increase in reserve stocks of tin. At the same time the Committee's statistics showed a decline in world visible supplies of tin from 39,066 tons in Dec., 1940 to 24,798 tons in Jan., 1941 due to recent heavy deliveries. On Feb. 14, 1941 the price of tin in London (£stg. 263 15s. a ton) was the highest since August 12, 1940.

Silver has fluctuated at between 23 $\frac{1}{4}$ and 23 $\frac{1}{2}$ d. (stg.) an oz. for several weeks and was quoted at 23 $\frac{1}{4}$ d. (stg.) an oz. on Feb. 14, 1941.

Particulars of average export parity prices received for metals exported from Australia show relatively slight changes from month to month and the maintenance of prices appreciably above the pre-war level.

AVERAGE PRICES OF METALS (EXPORT PARITIES, f.o.b.) AUSTRALIA.

	Silver (Standard). oz.	Lead ton.	Spelter ton.	Tin (Standard) ton	Gold (Fine) oz.
	s. d.	£. s. d.	£. s. d.	£. s. d.	£. s. d.
Average, 1937	2 1.0	27 9 3	29 1 6	292 16 5	8 15 1
" 1938	2 0.1	17 12 11	19 12 10	228 11 10	8 17 1
" 1939	2 1.4	17 12 1	19 15 3	268 3 6	9 14 4
" July, "	1 9.1	16 19 1	19 14 6	273 3 3	9 4 11
October, 1940	2 4.3	18 5 5	22 10 6	294 17 7	10 14 0
November, 1940	2 4.1	18 14 8	22 0 6	293 2 0	10 14 0
December, 1940	2 3.8	18 8 1	22 0 6	292 8 11	10 14 0

BANK CLEARINGS. As for several months past, bank clearings in Sydney in January 1941 were at a record level. In Sept.-Jan., 1940-41 clearings totalled £458.5 million compared with £413.4 m. in the first five months of the war and £394.4 m. in the corresponding period of 1938-39. The index number of clearings for the three months ended January, 1941 was 17 per cent. above the 1926-30 average and 6 per cent. and 19.4 per cent. above those for Nov.-Jan., 1939-40 and 1938-39, respectively.

The comparative significance of the figures is affected by unusually rapid realisation of the wool clip this season and advance payments to wheatgrowers. The higher level of prices is also to be taken into consideration. The large increases indicate an increase in the amount of business settled through bank accounts, reflecting very active conditions in trade and industry. In some directions (e.g. motor trade, real estate) business has fallen off and as more resources are diverted from civilian to war production these instances may multiply. But war expenditure (now in Australia at the rate of £13 m. a month) is bound to promote buoyant trading and commercial conditions.

INTER-BANK CLEARINGS - SYDNEY.

	Amount. (a)		Index Number. (b)	
	Month of January.	Calendar Year.	Three Months, Nov.-Jan.	Calendar Year.
	£ million.		(1926-30 = 100)	
1929	86.2	1043.3	107	106
1937	76.7	937.3	101	101
1938	67.5	942.4	97	101
1939	66.5	932.3	98	100
1940	82.7	1074.8	110	113
1941	90.3	-	117	-

- (a) Excluding Treasury bill transactions.
- (b) Adjusted to eliminate effects of bank amalgamations and of special Governmental transactions, but not for changes in price levels.

STOCK EXCHANGE. The Sydney Stock Exchange re-opened in January, 1941 with a strong tone, and throughout the month prices of ordinary company shares rose steadily. At the end of January average prices were over 3 per cent. higher than at the pre-Christmas closing. During the month indexes of share values in London were steady and in New York were tending easier. Apparently local investors were influenced by the restored seasonal outlook, the improved military situation in the Mediterranean sphere, and buoyancy of local industry, trade and employment, consequent, in large measure, upon heavy and expanding war expenditure. Share prices eased in the early part of this month in Sydney (as in London and New York) but the market appeared to be firming again at the end of last week.

The index number of average value of ordinary company shares in Sydney in January, 1941 (173.5) was highest of any month since March, 1940, though about 4½ per cent. below the wartime peak in January, 1940. During January, 1941 there were moderate increases in value for each industrial group other than pastoral and finance and insurance company shares. For shares in manufacturing and distributing companies average values were higher during the war period only in January, 1940. Comparative particulars are as follow:-

PART II (Continued)

INDEX OF VALUE OF ORDINARY COMPANY SHARES - SYDNEY STOCK EXCHANGE.
Excluding Banks. Par value = 100.

Average for Month of -	Shares in Companies engaged in					<u>Total</u> 75 Companies.	34 Active Shares.
	Manufac- turing and Distributing.	Retail Trade.	Public Utilities.	Pastoral and Finance	Insur- ance.		
March, 1937 (a)	214	204	181	169	281	190	200
Jan., 1940 (b)	229	174	152	132	270	182	195
June, "	187	138	129	110	233	151	160
Nov., "	220	174	140	121	257	173	186
Dec., "	221	169	140	122	256	172	185
Jan., 1941.	223	171	143	122	255	174	188

(a) Highest point. (b) Highest point of war period.

REAL ESTATE. In common with other recent months, sales of real estate registered in January, 1941 were greater in amount than in the corresponding month of the preceding year, but were still below the pre-war level. Sales in the four months ended January totalled £12.53 million in 1937-38, £11.03 m. in 1938-39, £8.66 m. in 1939-40 and £10.18 m. in 1940-41.

Flats, shops and dwellings are being sought by investors; there is considerable business in medium to large residences for owner-occupiers, and a fair demand for industrial sites and factory premises is reported. Property values are said to be very firm. As yet no pronounced reaction to the new high level of direct taxation has been registered, but the diminishing lending capacity of co-operative building societies has affected business in the field within their scope. Control of building projects of a value of £5,000 or more (effective from Dec. 5, 1940) may also affect the real estate market.

The decrease in mortgage transactions has been very marked. The amount of mortgages registered in January, 1941 approximated that in other recent months, but in the four months ended January, the total in 1940-41 was £4.65 m. compared with £6.24 m., £8.65 m. and £8.69 m. one, two and three years previously, respectively.

REAL ESTATE TRANSACTIONS - NEW SOUTH WALES.

	Month of January.		Calendar Year.	
	Sales.	Mortgages.(a)	Sales.	Mortgages.(a)
	Amount of Considerations - £000.			
Aver., 1925-29	4,619 (b)	4,042 (b)	55,428	48,504
1937	2,954	1,861	37,353	23,811
1938	2,383	1,771	37,419	26,967
1939	2,449	1,591	32,157	22,444
1940	1,884	1,480	31,053	16,497
1941	2,383	1,174	-	-

(a) Includes normal renewal of mortgages in 1925-29. Renewals were rendered unnecessary in many cases by the Moratorium Act, 1930.

(b) Monthly average.

OVERSEA TRADE - AUSTRALIA. The value of commodities exported from and imported into Australia in January, 1941 were each about 15 per cent. less than in Jan., 1940 but otherwise greater than in the corresponding month of any recent year. In the seven months ended January exports amounted to £stg.64.71 million in 1939-40 and £63.45 m. in 1940-41, while imports rose in value from £stg.58.77 m. to £stg.67.02 m. The export trade is affected by a shortage of shipping space and except in the

/major.....

PART II (Continued)

major instance of wool, this will occasion delay in payment for unshipped exportable commodities. Additional cold storage space is being provided (see B.S.1941/24, p.1.) It is believed that commodities available for export in 1940-41 will be about equal in value to those shipped in 1939-40.

On January 31, 1941 the Minister for Trade and Customs stated publicly that soon the Government would be obliged to impose more restrictions on imports, including some raw materials and curtail imports of some classes of goods from sterling area countries. New import quotas for motor chassis from North America applying to the quota year ending April 30, 1942 were announced on Feb. 7, 1941. The maximum permitted importation will be 8,896 car and 7,503 truck chassis or only 15 and 55 per cent. of the number imported in the quota base year ended April 30, 1936.

Imports continue to show moderation in comparison with the heavy movement of Jan.-July, 1940. Latterly they have been comparable in value (though because of higher landed costs - smaller in volume) than those in 1937-38. Contrary factors are imports of war goods and materials for war industries, and import restrictions now affecting goods from non-sterling countries of a value of about £12 m. to £12.5 m. Trends in imports are:-

IMPORTS OF MERCHANDISE - AUSTRALIA. (£stg. million).

	Six Months ended			Month of -							Total Seven Months.
	June.	Dec.		July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	
1937	44.9	56.8	1937-38	8.8	9.0	9.5	9.3	10.8	9.4	9.2	65.9
1938	54.9	50.7	1938-39	8.6	9.5	7.9	8.2	8.8	7.7	8.2	58.9
1939	48.6	47.3	1939-40	8.9	9.2	6.8	7.3	7.4	7.7	11.5	58.8
1940	68.2	57.3	1940-41 ϕ	12.6	8.8	8.9	9.6	9.0	8.6	9.4	66.7

ϕ Approximate only.

In the six months ended Dec., 1940 some major changes in value of imports in comparison with July-Dec., 1939 were:-

	£stg.000
Unmanufactured tobacco	(-) 706
Cotton and linen piece goods	(+) 2,558
Motor car chassis	(-) 407
Machinery, metals and metal manufactures	(+) 6,230

In exports the following movements were noteworthy:-

	£A000.		£A000
Butter	(-) 3,787	Wheat	(+) 4,070
Meat (not tinned)	(-) 1,462	Flour	(+) 1,797
" (tinned)	(+) 419	Wool	(-) 3,933

Commodity trade in the seven months ended January resulted in an import surplus of £stg.3.57 m. in 1940-41 compared with an export surplus of £stg.5.94 m. in 1939-40. This is not a fair representation of the movement of trade balances in London because of payment for wool on appraisalment whether shipped or not. Particulars of commodity trade are as under:-

OVERSEA TRADE - AUSTRALIA - MERCHANDISE ONLY. ϕ

	Month of January.			Seven Months ended January.				
	1939.	1940.	1941.p.	1937.	1938.	1939.	1940.	1941.p.
	Value in £ sterling - million.							
Merchandise -								
Exports	7.18	11.60	9.88	63.25	63.35	58.59	64.71	63.45
Imports	8.23	11.48	9.45	53.29	65.94	58.93	58.77	67.02
Commodity Balance	-1.05	0.12	0.43	9.96	-2.59	-0.34	5.94	-3.57

ϕ Particulars of bullion and specie not available for publication.

/INTEREST

PART II (Continued)

INTEREST RATES. Mortgages. The weighted average rates of interest on private first mortgages registered in the three months ended January, 1941 were 5.0 per cent. on rural and 5.5 per cent. on urban mortgages. These rates are 0.5 per cent. and 0.3 per cent. lower than those of the corresponding months of 1939-40. On urban mortgages average rates fell appreciably early in 1940 and fluctuated about 5 per cent. since May last. The decline in the case of urban mortgages has been gradual and continuous and for the month of January, 1941 the average rate (5.3%) was the lowest in any single month for over two years.

Ruling rates of interest in this field are low and appear likely to remain so, since control of investment and building reinforce such influences as a reduced demand for mortgage loans, the downward trend of interest rates in other spheres, and efficacious application of the Government's policy of cheap and adequate money for essential purposes.

AVERAGE RATE OF INTEREST ON PRIVATE FIRST MORTGAGES, N.S.W.

	Rural First Mortgages.					Urban First Mortgages.				
	1937.	1938.	1939.	1940.	1941.	1937.	1938.	1939.	1940.	1941.
	Weighted average rate of interest - per cent. per annum.									
Nov.-Jan.	4.9	5.1	5.1	5.5	5.0	5.3	5.3	5.4	5.8	5.5
Cal. Year.	5.0	5.0	5.2	5.1	-	5.3	5.4	5.6	5.6	-

Government Securities. During January, 1941 prices of Government securities maintained a slightly upward trend and at the close of the month the average yield on bonds of five or more years maturity was £3.1s.10d. per cent. compared with £3.4s.1d. per cent. a month earlier. Yields continued at this record low level until a few days ago, when, due to grave warnings issued by the Acting Prime Minister and Labour Party Leaders regarding war developments, there was a general reaction in stock markets, and bond prices eased sufficiently to raise the average net redemption yield by about 1s. per cent. There are now signs of returning confidence which may later extend to bonds, and apparently there is little likelihood of a serious reversal of the downward trend of interest rates in this field.

NET REDEMPTION YIELD ON AUSTRALIAN CONSOLIDATED LOANS. ø

	Bonds maturing in -			
	Over 5 to 10 years.	Over 10 to 15 years.	Over 15 years.	Over 5 years. (Overall rate).
	Average net redemption yield - per cent. per annum.			
	£. s. d.	£. s. d.	£. s. d.	£. s. d.
Average - 1935	3 9 7	3 10 1	3 13 9	3 11 1
" - 1938	3 14 5	3 15 0	3 15 10	3 15 0
" Jan.-June, 1939	3 17 9	3 18 4	3 18 4	3 18 1
" September, "	4 1 0	4 1 1	4 1 9	4 1 3
" November, 1940	3 1 0	3 4 10	3 7 4	3 4 1
" December, "	3 1 6	3 4 11	3 7 3	3 4 1
" January, 1941	3 0 6	3 3 4	3 6 1	3 2 10
February 13, 1941	3 0 1	3 2 9	3 5 9	3 2 7

ø Calculated for latest date in cases of optional maturity.

PART III INDUSTRIES.

BUILDING INDUSTRY.BUILDINGS COMMENCED - METROPOLITAN WATER BOARD AREA.

Building continues at a relatively high level but there are some indications of a prospective decline. Buildings commenced in Jan. (£926,000) were below the value in Jan. 1940 with building at a low ebb in the city and reduced activity in housebuilding and miscellaneous buildings. Due to big totals in middle months of 1940 the aggregate for July-Jan. was greater this year than in 1938-39 or 1939-40, houses, flats and miscellaneous buildings contributing to the increase.

The number of individual houses commenced is decreasing and in Nov-Jan. was 1466 in 1940-41, 1616 in 1939-40 and 1798 in 1938-39.

The value of buildings commenced in the Water Board Area in January, 1941 (£926,000) was roughly equal to the total in Jan., 1940 if the G.P.O. extension (£411,000) is excluded from the latter (£1,371,000). There was a sharp increase in private building permits in Sydney and suburbs in Nov. and Dec., 1940 (see B.S. 1941/10, p.11) due to a rush to obtain authority to build before official sanction for projects exceeding £5,000 in value became necessary after Dec. 5, 1940. As building under these permits must be commenced before April 5, 1941 (or Treasury authority be obtained) it is probable that this will be reflected in the value of buildings commenced in the first quarter of this year, and the particulars, therefore, may offer little guide as to the secular trend. The following monthly comparisons show that at present building activity is at a relatively high level, though not so great as in 1937-38 or as in the middle months of last year:-

Value of Buildings Commenced - Metropolitan Water Board Area.

		<u>July.</u>	<u>Aug.</u>	<u>Sept.</u>	<u>Oct.</u>	<u>Nov.</u>	<u>Dec.</u>	<u>Jan.</u>	<u>Total: 7 Mths.</u>
1937-38	£000	1309	968	1074	936	1158	1055	1168	7,668
1938-39	£000	1297	1341	972	846	989	788	949	7,182
1939-40	£000	1012	1180	840	931	1044	555	1371	6,933
1940-41	£000	1438	1052	1001	1101	1087	729	926	7,334

Building remains at a low ebb in the City of Sydney and is also inclined to diminish moderately in the suburbs, after rising to a post-depression record level in the six months ended Oct., 1940. In Jan., 1941 the amount for houses (£480,000) was exceeded in every month of last year except December; flats continued at about the recent high average as did also business premises but the amount for "miscellaneous" (hospitals, churches, theatres, etc.) was the lowest for almost a year.

Particulars for the first seven months of the financial year show that in 1940-41, as a result of the very active conditions in the early part of the period, the aggregate value was greater than in either 1938-39 or 1939-40, and in the suburbs was the highest total of the post-depression period. Houses and flats commenced in July-Jan., 1940-41 also exceeded in value those begun in any recent corresponding period. Details, showing percentage changes in the seven months of this financial year in comparison with a year earlier (in the final column) are as follow:-

/BUILDINGS.....

PART III (Continued)

BUILDINGS COMMENCED - METROPOLITAN WATER BOARD AREA.
Including new buildings, additions, etc. and Government buildings.

Type of Building.	January.			Seven Months ended January.					Movement: '39-40 to '40-41.
	1939.	1940.	1941.	1937.	1938.	1939.	1940.	1941.	
	Value in Thousands of Pounds.								Per cent.
Dwelling Houses	449	490	480	2505	2863	3597	3552	3732	+ 5.1
Flats	161	169	195	879	1385	1263	1043	1400	+ 34.2
Business Premises ø	155	657	210	1695	2781	1922	1927	1348	- 30.0
Miscellaneous x	184	55	41	295	639	400	411	854	+ 107.8
Total	949	1371	926	5374	7668	7182	6933	7334	+ 5.8
City Buildings	237	455	78	874	1926	1249	965	575	- 40.4
Suburban "	712	916	848	4500	5742	5933	5968	6759	+ 13.3

ø Shops, factories, offices, etc. x Hospitals, churches, theatres, schools, etc.

Dwelling Houses. There were 497 dwelling houses the erection of which began in this Area in January, 1941, compared with 600 and 582 in Jan., 1940 and 1939, respectively. The number was considerably below the monthly average of any of the preceding three years and in the last three months was the smallest for any three consecutive months since the middle of 1937. Factors affecting house-building include an increase in costs, the weight of taxation and the contraction of funds for financing housebuilding through co-operative building societies (see page 12)

	<u>July</u>	<u>Aug.</u>	<u>Sept.</u>	<u>Oct.</u>	<u>Nov.</u>	<u>Dec.</u>	<u>Jan.</u>
	Number of dwelling houses commenced.						
1938-39	700	777	643	637	681	535	582
1939-40	652	765	617	647	626	390	600
1940-41	743	629	664	696	571	398	497

The appended statement illustrates the course of activity in the erection of houses over the past six years:-

INDIVIDUAL HOUSES COMMENCED - METROPOLITAN WATER BOARD AREA.

	Month of January.	March Qr.	June Qr.	Sept. Qr.	Dec. Qr.	Seven months ended Jan.
	Number of dwelling houses (not including flat dwellings).					
1935	284	941	912	1125	1065	1,788
1936	370	1273	1251	1668	1195	2,560
1937	362	1152	1212	1618	1592	3,225
1938	479	1627	1857	2120	1853	3,689
1939	582	1859	1785	2034	1663	4,555
1940	600	1740	1720	2036	1665	4,297
1941	497	-	-	-	-	4,198

BUILDING PERMITS - RURAL AND INDUSTRIAL TOWNS, N.S.W.

(Note: Government buildings are not included.)

In Dec. Qr. 1940 permits in country towns continued at the recent reduced level. Proposals for houses and shops decreased again but more was expended on factories and the amount for hotels, etc. was also high. The number of dwellings included (660) was lowest of any quarter for several years.

In the year 1940 private permits (£3.74 m.) were 12.1% below those in 1939. Public buildings to cost £2.67 m. were to be undertaken. The net number of dwellings to be provided was 3,076 in 1940, 4,065 in 1939 and 4,621 in 1938. There may be further contraction of private building enterprise outside the metropolis.

PART III (Continued)

Building permits of a value of £902,000 were granted in 129 rural and industrial towns in New South Wales in December Quarter, 1940. The total was identical with that of Dec. Qr., 1939. but otherwise was less than in any quarter for over five years. There were unusually large amounts for hotels, etc. and factories in Dec. Qr., 1940 and without these, the declining trend of private building enterprise outside the metropolis would have continued. Permits in 1940 were 12 and 29 per cent. lower in value than in 1939 and 1938, respectively. Quarterly comparisons are as follow:-

PRIVATE BUILDING PERMITS - 129 RURAL AND INDUSTRIAL TOWNS, N.S.W.

	March Qr.	June Qr.	Sept. Qr.	Dec. Qr.	Year ended Dec.
	£000	£000	£000	£000	£000
1936	917	987	1,133	979	4,016
1937	1,010	1,221	1,230	1,134	4,595
1938	1,461	1,256	1,378	1,184	5,279
1939	1,166	1,126	1,067	902	4,261
1940	922	1,015	905	902	3,744

During 1940 a large volume of building undertaken on behalf of Governments and semi-Governmental authorities went far in offsetting the decline in private building outside the metropolitan area. The value of these works in Dec. Qr., however, was much less than in preceding quarters of last year. Particulars of these and resultant totals of public and private building together are given below:-

Permits or Contracts for -		1939. Quarters ended -		1940. Quarters ended -			
		Sept.	Dec.	Mar.	June	Sept.	Dec.
Private Buildings	£000	1,067	902	922	1,015	905	902
Public Buildings	£000	168	161	603	605	1,136	328
Total outside Metrop.	£000	1,235	1,063	1,525	1,620	2,041	1,230

In Dec. Qr., 1940 private building permits continued at relatively high levels in the Newcastle district and in six towns adjacent to Sydney (in the latter case due partly to inclusion of a factory at Liverpool for £61,500) but decreased in the Wollongong-Port Kembla industrial area. Comparisons of value according to geographical distribution are:-

	1939 - Quarters ended -				1940 - Quarters ended -			
	Mar.	June.	Sept.	Dec.	Mar.	June	Sept.	Dec.
	£000	£000	£000	£000	£000	£000	£000	£000
Newcastle District	244	222	235	153	206	289	325	251
Wollongong, Pt. Kembla &c.	206	84	121	120	110	124	65	59
Broken Hill	30	36	36	57	21	48	14	23
Six Towns near Sydney	70	87	106	58	65	58	55	108
Other Country Towns	616	697	569	514	520	496	446	461

In Dec. Qr., 1940 proposals for houses and for shops were lowest in value of any quarter for several years; the total for factories was, with the exception of March Qr., 1938 the greatest of the post-depression period; a relatively large sum was involved for hotels, etc. and a moderate amount for "other buildings". Quarterly particulars illustrating trends according to classes of buildings follow:-

/QUARTER

PART III (Continued)

Quarter ended -	Houses.	Flats. (a)	Hotels, etc.	Shops. (b)	Factor- ies.(c)	Other Buildings.	Total.
Value (£000) of proposed buildings.							
Dec., 1937	698	11	122	122	30	151	1,134
" 1938	697	65	120	100	69	133	1,184
" 1939	579	18	92	62	33	118	902
Mar., 1940	568	16	54	89	70	125	922
June, "	582	29	81	69	39	215	1,015
Sept., "	516	13	129	60	27	160	905
Dec., "	463	25	131	44	109	130	902

Including (a) conversions to flats (b) shops with dwellings and (c) public garages.

Totals for the year ended December, 1940 showed that in respect of houses, flats, hotels and shops the decline begun in the preceding year continued. For factory premises, however, the year's total (£244,000) was highest of any year excepting 1938 in the last decade, and there was an appreciable recovery under "other" buildings. Percentage changes, 1939 to 1940 are shown in the last column of the appended table:-

BUILDING PERMITS GRANTED - RURAL AND INDUSTRIAL TOWNS - N.S.W.
(Not including Government buildings)

Type of Building.	Year ended December.						Movement: 1939 to '40
	1935.	1936.	1937.	1938.	1939.	1940.	Per cent.
	£000	£000	£000	£000	£000	£000	
Dwelling Houses	2,168	2,591	2,564	2,907	2,682	2,128	(-) 20.7
Flats - new & converted	150	74	97	155	148	83	(-) 43.2
Hotels, Guest Houses &c.	ø	ø	574	555	406	395	(-) 2.7
Shops & Shops with dwell'gs	374	559	445	499	369	263	(-) 28.7
Factories & Public Garages	57	148	192	430	157	244	(+) 55.4
Other buildings. x	547	644	723	733	499	631	(+) 26.5
Total	3,296	4,016	4,595	5,279	4,261	3,744	(-) 12.1

ø Included with dwelling houses. x Includes offices, theatres, churches, hospitals, private schools, etc. (-) Decrease. (+) Increase.

Dwellings. The numbers of additional dwellings proposed in these towns in Dec.Qr. and the year 1940 were less than in any recent quarter or year. Permits for new houses have decreased progressively during the war period. Numbers by quarters were:-

Houses:	1938 (Qrs.)		1939 (Qrs.)		1940 (Qrs)					
	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June.	Sept.	Dec.
Brick &c.No.	226	173	147	178	179	162	150	133	127	116
Wood &c. "	1038	847	868	832	915	650	643	658	598	511
Total "	1264	1020	1015	1010	1094	812	793	791	725	627

This decrease is attributable in part to reduced activity through co-operative building societies (see note p. 104) to higher costs of building, and to war reactions. Military and Air Force training centres and the development of war industries have caused demands for housing in certain country centres and in some cases arrangements to facilitate provision of new housing have been made.

DWELLINGS INCLUDED IN PRIVATE BUILDING PERMITS - 129 TOWNS, N.S.W.

Period	Houses		Flats	Convert- ed into Flats	Hotels, Guest- houses.	With Shops	Less Demoli- tions, etc.	Net Total	
	Brick etc.	Wood Fibro							
Number of individual dwellings.									
Year	1935	689	2,755	196	42	ø	84	118	3,648
	1936	747	3,067	102	51	ø	104	165	3,906
	1937	853	3,111	157	78	27	105	150	4,181
	1938	798	3,648	168	81	25	105	204	4,621
	1939	666	3,265	154	105	17	75	217	4,065
	1940	526	2,410	85	104	22	67	138	3,076
Dec. Qr.,	1938	173	847	76	21	5	20	72	1,070
"	1939	162	650	15	19	4	12	35	827
Sept. Qr.,	1940	127	598	10	12	7	4	28	730
Dec. Qr.,	1940	116	511	26	19	9	11	32	660

ø Included with brick dwellings.

BUILDING PERMITS - NEW SOUTH WALES.

In December quarter, 1940, private building permits of an aggregate value of £4,756,000 were granted in Sydney and suburbs, 129 rural and industrial towns and seven semi-urban shires near Sydney, covering areas embracing approximately 73 per cent. of the population of New South Wales. This was the greatest quarterly total since September quarter, 1939 and was so because of a large increase in Sydney and suburbs incidental to the institution of official control of building (for projects over £5,000) as from December 5, 1940. Even so, the amount fell short of the level in 1938, and it is very unlikely that the increase is of significance in relation to future trends.

Movements by quarters were:-

		March Qr.,	June Qr.,	Sept. Qr.,	Dec. Qr.,	Cal. Year.
1936	£000	3,516	3,559	4,190	3,533	14,798
1937	£000	3,079	4,363	4,585	4,630	16,656
1938	£000	4,817	5,170	5,739	4,646	20,372
1939	£000	4,254	4,647	4,894	3,786	17,582
1940	£000	3,511	4,299	4,040	4,756	16,606

Totals shown in the final column above show a moderate decline in 1940 in comparison with 1939 which would have been greater were it not for the rush for permits late in the year. The decrease in comparison with 1938 was 18½ per cent. A geographical dissection reveals the decrease as most marked in the City of Sydney and in rural and industrial towns and slight in the suburbs of Sydney while development of residential areas caused a slight increase in the seven semi-urban shires near the metropolis. Particulars by quarters show the effects of the extraordinary increase in permits in Sydney and suburbs to forestall the necessity of the Commonwealth Treasurer's sanction after Dec. 5, 1940. In areas outside the metropolis there was little change, and it may be reasonable to assume that the increase in the aggregate in Dec. Qr. will prove a temporary interruption to the earlier downward trend of private building enterprise. Comparative details are appended:-

PART III (Continued)

VALUE OF PRIVATE BUILDING PERMITS GRANTED - NEW SOUTH WALES.
As far as recorded. Excludes Government Buildings.

Period.		City of Sydney.	Suburbs of Sydney.	129 Rural & Industrial Towns.	7 Semi- urban Shires.	Total of Foregoing.
		£000	£000	£000	£000	£000
Year	1929	3,547	10,798	4,526	851	19,722
	1936	2,309	7,821	4,016	652	14,798
	1937	2,544	8,717	4,594	801	16,656
	1938	3,410	10,632	5,279	1,051	20,372
	1939	1,886	10,334	4,261	1,101	17,582
	1940	1,534	10,184	3,744	1,144	16,606
Dec.Qr.,	1938	854	2,339	1,184	268	4,646
"	1939	440	2,163	902	280	3,786
Mar.Qr.,	1940	225	2,099	922	265	3,511
June Qr.,	"	262	2,717	1,015	304	4,299
Sept.Qr.,	"	424	2,420	905	291	4,040
Dec. Qr.,	"	623	2,948	902	283	4,756

Because of the war a large volume of building has been undertaken on Government account and this has provided substantial offset to diminished activity in private building. The following table brings together the value by quarters during the war period of private building permits and contracts accepted for public buildings (Commonwealth, State and semi-Governmental) in New South Wales during the war period. It will be noted that the combined total for the year 1940 (£20,169,000) was not quite equal to the aggregate of private building permits in 1938. Particulars of public building contracts in that year have not been compiled.

VALUE OF PROPOSED BUILDINGS (PUBLIC AND PRIVATE) N.S.W.
(As far as recorded).

		<u>Sept.Qr.,</u> <u>1939.</u>	<u>Dec.Qr.,</u> <u>1939.</u>	<u>Mar.Qr.,</u> <u>1940.</u>	<u>June Qr.,</u> <u>1940.</u>	<u>Sept.Qr.,</u> <u>1940.</u>	<u>Dec.Qr.,</u> <u>1940.</u>
Private	£000	4894	3786	3511	4298	4040	4756
Public	£000	<u>655</u>	<u>410</u>	<u>675</u>	<u>849</u>	<u>1454</u>	<u>586</u>
Total	£000	<u>5594</u>	<u>4196</u>	<u>4186</u>	<u>5147</u>	<u>5494</u>	<u>5342</u>

BUILDING SOCIETIES, N.S.W. Eleven new co-operative terminating building societies were formed in New South Wales in December Quarter, 1940. This was the largest increase of any quarter of the war period and was partly due to efforts made to facilitate provision of new housing in centres of rapid industrial development. In general, however, the formation of new societies is still retarded by difficulty in securing finance which must be assured before a society can be registered. At Dec. 31, 1940 there were 188 societies registered with 19,871 members holding 264,070 shares. Shares had not been allotted by two of these societies. Loans had been approved and advances had been made by 174 and 171 societies, respectively. The development of co-operative building societies, distinguishing those operating in the metropolis and the country, is illustrated as under:-

/CO-OPERATIVE.....

PART III (Continued)

CO-OPERATIVE TERMINATING BUILDING SOCIETIES, N.S.W.

	Metropolitan.			Country.			All Societies.		
	Members	Shares	Advan-ces made	Members	shares	Advan-ces made	Members	Shares	Advan-ces made
	No.	000	£000	No.	000	£000	No.	000	£000
At Dec.31,1938	12,093	156.6	4,218	5,708	60.6	1,308	17,801	217.2	5,526
Jan.-June,1939 x	1,273	20.9	1,386	- 287	.3	513	986	21.2	1,899
July-Dec., "	133	7.3	1,278	333	3.1	446	466	10.4	1,724
Mar.Qr. 1940	58	1.0	467	51	1.0	144	109	2.0	611
June Qr. "	122	2.5	370	9	.4	148	131	2.9	518
Sept.Qr. "	- 47	- .5	366	- 162	- .9	94	- 209	- 1.4	461
Dec.Qr. "	491	8.3	256	96	3.4	102	587	11.7	358
At Dec.31,1940	14,123	196.1	8,341	5,748	67.9	2,755	19,871	264.0	11,097

x Basis changed in June Qr., 1939 to include only societies assured of finance.
ø Exclusive of loans discharged.

The table reveals a decline quarter by quarter in the amount of money loaned to members. Approximately 80.5 per cent. of all members had loans approved up to Dec. 31, 1940 and of the amount approved (£11.7 m.) all but 5.2 per cent. had actually been advanced. Advances were made at the average rate of £143,000 a month in Dec. Qr., 1940 compared with £268,000 and £422,000 a month in the corresponding quarter of 1939 and 1938 respectively. There is no doubt that the falling off in the number of houses proposed in recent months is related to the decrease in operations under building society auspices. Lending institutions had agreed to make £13.57 m. available to societies and at Dec. 31, 1940 there was £9.86 million of borrowed funds and £1.24 m. of members funds in use.

The amounts of money approved for loan and actually advanced by all societies from inception to Dec. 31, 1940 are shown according to purpose in the following table:-

CO-OPERATIVE TERMINATING BUILDING SOCIETIES, N.S.W.
Operations to 31st December, 1940.

Purposes of Loans.	Loans Approved.		Advances Made.	
	Number.	Amount.	Number.	Amount.
		£000		£000
To build new homes	9,045	6,823	8,535	6,318
To buy existing homes ø	5,746	4,287	5,633	4,194
To re-finance mortgages on homes	1,326	883	1,317	877
To add to or alter homes	307	67	298	65
For other purposes	21	21	21	21
Totals	16,445	12,081	15,804	11,475
Less Loans Discharged	441	378	441	378
Net Totals	16,004	11,702	15,363	11,097

ø From 50 to 60% comprise newly erected buildings.